

SR-77, As Adopted by Senate, September 10, 2009

Senators Brown, Patterson, Kuipers, Cropsey, Pappageorge, Jelinek and Barcia offered the following resolution:

Senate Resolution No. 77.

A resolution to memorialize the Congress of the United States to oppose the implementation of a cap and trade program that would negatively impact Michigan residents through the elimination of jobs and by increasing the costs of goods and services.

Whereas, In the face of dire economic circumstances and increasing evidence that other strategies could prove more effective in cleaning up carbon emissions, Congress and the White House are advancing cap and trade legislation. This initiative, often referred to as the Waxman-Markey bill, is predicated on limited levels of permissible carbon dioxide emissions that would decrease over time. This program holds serious long- and short-term perils for our state and nation; and

Whereas, The true impact of the cap and trade concept is that it would result in immediately raised costs for energy produced through the burning of fossil fuels. While estimates vary, there is no doubt that the extra costs come at a time in which our economy faces grave challenges. For individual families and businesses, any jump in energy costs could prove devastating. The potential damage this move could have on employment is frightening to many; and

Whereas, Evidence reveals that cap and trade is a job killer. Michigan's unemployment rate reached 15.4 percent in June while the national unemployment rate was 9.7 percent. Estimates of net job losses associated with cap and trade are 1.2 million to 2.3 million by 2015. Some of these jobs will be lost for good due to the impact of higher energy costs on economic activity. Others, chiefly in the manufacturing sector, will be sent overseas. Given the very likely combination of significantly higher domestic manufacturing costs and developing nations refusing to impose similar restrictions, the American economy could experience a substantial outsourcing of manufacturing jobs to those nations with lower energy costs; and

Whereas, Estimates show that for a household of four, the higher cost of energy associated with cap and trade will cost an average of \$2,979 annually from 2012 to 2035. This amount includes cost increases for direct energy use, with conservative estimates indicating electricity rising by 90 percent, gasoline increasing by 58 percent, and natural gas climbing by 55 percent by 2035. Higher energy costs will also affect the price of all items purchased by families, individuals, and businesses, including food, clothing, and furniture, as those items require energy for their production and transport; and

Whereas, Without global participation from China and India and other less-developed countries, our businesses will be at a competitive disadvantage to businesses in those countries that generally use energy less efficiently. Global energy demand is expected to rise rapidly over the next two decades, and much of the demand will come from developing countries. The cap and trade legislation fails to consider the growth of emissions in countries such as China and India, where the increasing emissions will negate American sacrifices. Cap and trade will shift jobs overseas, harming the U.S. economy; and

Whereas, Americans should know the deeply unequal ways that climate costs would be distributed across regions and income groups. According to a March 9, 2009, article in the *Wall Street Journal* entitled "Who Pays for Cap and Trade?," hit hardest would be the "95 percent of working families." Adding this governmental cost on carbon is regressive by definition because poor and middle-income households spend more of their paychecks on items or commodities such as gasoline to drive to work, groceries, or home heating; and

Whereas, The greatest inequities are geographic and would be imposed on the parts of the U.S.--including Michigan--that rely most on manufacturing or fossil fuels--particularly coal, which generates most power in the Midwest, Southern, and Plains states; and

Whereas, Coal provides more than half of U.S. electricity, and 25 states get more than 50 percent of their electricity from conventional coal-fired generation. Taxpayers in Michigan (where it totals 60 percent), Indiana (94 percent), Ohio (86 percent) Missouri (85 percent), New Mexico (80 percent), Pennsylvania (56 percent), West Virginia (98 percent), and Wyoming (95 percent) will be impacted significantly; and

Whereas, Michigan's industrial base puts the state in position to be disproportionately impacted by higher costs under the bill than other states and other regions of the country. This is why U.S. Senator Debbie Stabenow and 15 of her Senate Democrat colleagues have already parted from the administration by demanding that the bill be rewritten so that "consumers and workers in all regions of the U.S. are protected from undue hardship." The net effect of this would be to call for more corporate welfare for carbon-heavy businesses subjected to the new tax; and

Whereas, Cap and trade is truly a proposal to redistribute income and wealth--in a very curious way. It takes from the working class and gives to the affluent; it takes from Michigan and Ohio and gives to California and Florida; and it takes from an industrial America that is already struggling and gives to rich Silicon Valley and Wall Street "green tech" investors who know how to leverage political clout; and

Whereas, In addition to the notably higher costs imposed on businesses, utilities, and individuals, a cap and trade program will create a more hostile trade environment that costs U.S. firms access to global markets. Job losses are so certain under this new cap and tax plan that it includes a provision accommodating newly unemployed workers from the resulting dried-up energy sector to the tune of \$4.2 billion over eight years. The program does not recognize that American prosperity has always been driven by the steady supply of abundant, affordable energy. Consequently, policymakers should maintain the integrity and freedom of global markets as a means to transfer clean technologies, keep international investment flowing, and promote economic growth and prosperity in the U.S. and around the world; and

Whereas, The *Wall Street Journal*, March 9, 2009, stated: "Cap and trade is the tax that dare[s] not speak its name, and supporters hope in particular that no one notices who would pay for their climate ambitions . . . with President Obama depending on vast new carbon revenues in his budget"; and

Whereas, President Obama proudly declared on taking office that his administration would not politicize science, but the record reflects that the Environmental Protection Agency (EPA) recently ordered the suppression of a report by one of its own researchers who criticized the agency's plan to regulate carbon dioxide as a pollutant and accused it of relying on outdated science in setting climate change policy. It also dared to suggest that the Earth is actually cooling. Just before the House of Representatives voted, by a narrow margin (219-212), to pass the Waxman-Markey bill, a series of internal EPA e-mails were released that showed an internal report prepared by a 35-year career EPA analyst who criticized EPA's recent pronouncement on climate change. These e-mails had been squelched for political reasons, with the senior analyst forbidden from speaking on the issue to anyone outside his office; and

Whereas, The e-mails disclosed that the EPA had deliberately ignored major new research developments in providing its most recent declaration on climate change prior to the vote on the cap and trade bill. Those developments include a continued decline in global temperatures over the last 10 years, a new consensus that future hurricanes will not be more frequent or intense, and new findings that water vapor will moderate, rather than exacerbate, temperature; and

Whereas, The e-mails also disclosed that the EPA's Director of Environmental Economics told the senior analyst who prepared the report that the EPA research would not be shared with

lawmakers before their vote on the legislation because the "Administration has decided to move forward on endangerment and those comments do not help the legal or policy case for this decision"; and

Whereas, The end result of the EPA's actions denied public access to important agency information. Despite the President's previous claims to the contrary, it appears the EPA became so committed to a particular result in the cap and trade debate that it resisted engaging in a genuine reconsideration of the underlying issue of climate change. It appears the administration's extensive pronouncements about transparency and scientific honesty may simply be political rhetoric, including a speech by President Obama on April 27, 2009, to the National Academy of Sciences in which he proclaimed: "Under my administration the days of science taking a back seat to ideology are over"; and

Whereas, Prominent atmospheric scientists recently sent a letter to Congress saying, "You are being deceived about global warming . . . The Earth has been cooling for 10 years . . . The present cooling was not predicted by the computer models which have hereto been relied upon since political leaders gathered in Kyoto, Japan, in December 1997 to consider a world treaty restricting human production of 'greenhouse gases,' chiefly carbon dioxide"; and

Whereas, Increasing new data has emerged that shows that instead of there being global warming, the Earth has been cooling for the last 10 years and that the reasons for the climate change were not analyzed by the Kyoto summit. Last March, more than 700 international scientists went on record dissenting over the man-made global warming claims. About 31,500 American scientists have signed a petition that reads, in part: "There is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing or will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate"; and

Whereas, If doubts are raised about the reality of global warming, it threatens the administration's ambition to use climate change legislation to fundamentally reorder American society. This is because the cap and trade bill promises to be both a massive indirect tax on the American people and a profound controller of economic activity. The cap and trade program would result in a massive windfall of billions of dollars for the federal government but result in the loss of hundreds of thousands of jobs. It amounts to the largest tax increase in American history--arguably taxation without representation. The program also reflects Congress once again overstepping its constitutional boundaries by usurping states' powers under the 10th Amendment of the United States Constitution by preempting states from enacting their own energy standards from 2012 to 2017; and

Whereas, Approximately 99.72 percent of the "greenhouse effect" is due to natural causes--mostly water vapor and traces of other gases--which we can do nothing at all about. Eliminating human activity altogether would have little impact on climate change. Moreover, the cap and trade program will ultimately have a minimal impact on global industry emissions because it creates an incentive for industries to simply relocate to countries with less stringent standards; and

Whereas, Instead of trying to masquerade wealth distribution schemes as energy reform, we would be better served by focusing our attention on providing incentives to advance cleaner energy, reducing inefficiencies in our current distribution system, removing tax and regulatory barriers to innovation and investment in energy technology, and fostering stronger partnerships with developing economies to help clean up emissions where the rate of growth is far greater than in our country; now, therefore, be it

Resolved by the Senate, That we memorialize the Congress of the United States to oppose the implementation of a cap and trade program; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.